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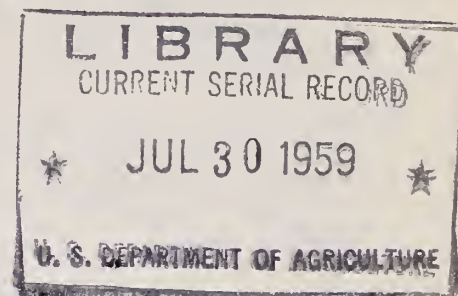
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June 1958
FOR RELEASE
JUNE 27, P. M.

The

DEMAND and PRICE SITUATION

DPS-42



Approved by the Outlook and Situation Board, June 23, 1958

SUMMARY

Farm product prices in May continued at the mid-April level of 264 (1910-14=100), the highest in several years. Meat animal prices advanced further in May, as marketings were down substantially from a year earlier and consumer demand remained strong. Broiler and turkey prices improved over the month, reflecting high prices for competing red meats. Commercial vegetable and potato prices declined substantially as new crop supplies increased. Egg prices were off in May, and dairy product prices were a little below a year earlier. Prices of major farm products in central markets had changed little between mid-May and early June.

Cash receipts from marketings in the first 5 months of 1958 were up 9 percent from the same period of 1957, reflecting the improved prices. Livestock and product receipts rose 12 percent mainly because of higher prices for meat animals and eggs. Crop receipts were 4 percent higher than in the first 5 months of 1957, due for the most part to higher prices for fruits and vegetables and delayed marketings of 1957 crops of corn and cotton.

(Continued on page 3)

Published monthly by
AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1957		1958			
		Year	May	Feb.	Mar.	Apr.	May
Industrial production: Seasonally adj. <u>1/</u>							
Total	1947-49=100	143	144	130	128	126	127
All manufactures	do.	145	145	131	129	128	129
Durable goods	do.	160	160	137	135	132	134
Nondurable goods	do.	130	131	125	124	125	125
Minerals	do.	128	130	119	112	109	110
Construction:							
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	47,255	3,905	4,079	4,053	3,960	3,940
Public construction	Mil. dol.	12,942	1,154	1,245	1,261	1,226	1,226
Private residential	Mil. dol.	16,571	1,321	1,441	1,397	1,350	1,331
Housing starts	Thousands	1,042	994	915	880	950	1,010
Manufacturers' sales and inventories: <u>2/</u>							
Total sales, seasonally adjusted	Mil. dol.	28,383	28,617	25,542	24,931	24,847	
Durable goods	Mil. dol.	14,159	14,296	12,038	11,670	11,504	
Unfilled orders-sales ratio <u>5/</u>		3.40	4.06	3.77	3.86	3.81	
Inventory-sales ratio <u>6/</u>		1.89	1.88	2.05	2.09	2.07	
Durable goods		2.20	2.21	2.51	2.56	2.56	
Employment and wages: <u>7/</u>							
Total civilian employment	Millions	65.0	65.2	62.0	62.3	62.9	64.1
Nonagricultural	do.	58.8	58.5	57.2	57.2	57.3	57.8
Unemployment	do.	2.9	2.7	5.2	5.2	5.1	4.9
Workweek in manufacturing	Hours	39.8	39.7	38.4	38.6	38.3	38.5
Hourly earnings in manufacturing	Dollars	2.07	2.06	2.10	2.11	2.11	2.11
Income and spending:							
Personal income payments <u>2/</u> <u>3/</u>	Bil. dol.	343.4	343.2	341.7	342.2	343.1	344.3
Consumer credit outstanding <u>1/</u>	Mil. dol.	44,776	41,937	43,043	42,562	42,665	
Automobile	Mil. dol.	15,496	14,883	15,122	14,889	14,788	
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	16,668	16,644	16,089	16,074	16,512	16,534
Durable goods	Mil. dol.	5,705	5,776	5,055	5,020	5,163	5,175
Inventory-sales ratio <u>6/</u>		1.47	1.44	1.51	1.50	1.45	
Prices:							
Wholesale prices, all commodities <u>4/</u>	1947-49=100	118	117	119	120	119	120
Commodities other than farm and food	do.	126	125	126	126	126	125
Farm products	do.	91	90	96	100	98	98
Foods processed	do.	106	105	110	111	112	113
Consumer price index, all items <u>4/</u>	1947-49=100	120	120	122	123	124	
Food	do.	115	115	119	121	122	
Prices received by farmers <u>8/</u>	1910-14=100	242	242	252	263	264	264
Crops	do.	233	241	229	245	252	246
Livestock and products	do.	249	242	273	280	275	280
Prices paid, interest, taxes and wage rates <u>8/</u>	1910-14=100	296	296	302	304	306	306
Family living items	do.	286	286	290	293	293	294
Production items	do.	258	259	265	269	271	271
Parity ratio <u>8/</u>		82	82	83	87	86	86
Farm income and marketings: <u>8/</u>							
Volume of farm marketings	1947-49=100	116	96	97	87	91	94
Cash receipts from farm marketings	Mil. dol.	30,019	2,036	2,144	2,108	2,198	2,200

Annual data for most of these items for the years 1929 and 1939-57 appear on page 35 of the April 1958 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates. 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Unfilled orders for durables divided by monthly deliveries. 6/ Inventories, book value, end of month, divided by sales. 7/ Bureau of the Census. 8/ U. S. Department of Agriculture, Agricultural Marketing Service.

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 T H E D E M A N D A N D P R I C E S I T U A T I O N
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Approved by the Outlook and Situation Board June 23, 1958

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Crop prospects were favorable on June 1 over most of the nation and a high total output is probable this year. The winter wheat crop gives promise of reaching the 1952 record of 1.1 billion bushels, but prospects for spring wheat production are less favorable than last year and below average. A better than average feed grain and forage crops are expected and the hay crop prospects are nearly as good as in early 1957 when the crop was a record.

Business activity improved some in May. Industrial production and employment rose a little after seasonal adjustment, and unemployment declined some. Employer hiring plans through mid-summer call for little more than a seasonal pickup in employment. Personal income reflected the improved job situation and rose more than a billion dollars. Retail sales were maintained at the April level with both durable and nondurable goods sales unchanged, after seasonal adjustment. Business investment spending is declining and further cutbacks are scheduled for the rest of 1958. Construction outlays seasonally adjusted were down a little in May, but private housing starts on an annual rate basis exceeded a million units for the first time since January.

Commodity Highlights

The pig crop this spring was 2 percent more than last year, and a 13 percent increase in fall farrowings is in prospect.

Sales of fluid whole milk to consumers in May in some markets were below a year earlier. Retail milk prices declined more than usual this spring but they continued above a year ago.

The hatch of replacement chicks through May is 10 percent above 1957, indicating that the 1958-59 laying flock will be above 1957-58.

Domestic disappearance of food fats in the first half of this marketing year was up about 4 percent from a year earlier. Growth in population and a slight gain in use per person accounted for the rise.

Prices of wheat probably will decline more than the usual amount around harvest time because of the large crop relative to domestic use and exports, the reduction in the support rate and the unusually large production on farms not eligible for price support.

Production of early summer vegetables for fresh market is likely to be about the same as a year earlier, but there may be more overlap of harvests from late spring crops. Prices during the next few weeks are expected to average moderately below the high levels of a year earlier.

Shipments of potatoes picked up in the past 4-6 weeks and prices declined; supplies will be plentiful through early summer and prices are likely to be at moderate to relatively low levels.

Cigarette output in the first 4 months of 1958 is running nearly $2\frac{1}{2}$ percent above a year earlier, with the output of cigars up 1 percent and smoking tobacco up about 14 percent.

GENERAL BUSINESS ACTIVITY

Industrial production and employment were slightly improved between April and May after 9 months of decline. However, employer hiring plans indicate little more than a seasonal pickup in employment through mid-summer. According to a recent survey of investment plans by the Securities and Exchange Commission and the U. S. Department of Commerce, businessmen expect to reduce their capital spending throughout 1958.

Consumer incomes were up about 1 billion dollars in May. They have been well maintained since last August despite fairly substantial declines in employment and production. Retail sales were unchanged for both durable and non-durable goods. Employment improved a little more than seasonally and average hours of factory workers picked up a little from the extremely low levels in March and April. Unemployment declined by 200,000 to 4.9 million, representing, after seasonal adjustment, more than 7 percent of the civilian labor force. Industrial production was up 1 point between April and May. There was some improvement in the output of the steel and automobile industries. Businessmen continued to liquidate inventories in April. Construction outlays, seasonally adjusted, declined slightly but were close to last fall's peak. There was little change in prices at wholesale and retail between April and May.

Table 1.--Percentage change of selected economic indicators, August 1957 to May 1958 1/

Item	Percentage change			
	May 1958 from Aug. 1957	Mar. 1958 from Feb. 1958	Apr. 1958 from Mar. 1958	May 1958 from Apr. 1958
	Percent	Percent	Percent	Percent
Nonagricultural employment	-4.1	-0.7	-0.3	0.2
Manufacturing employment	-9.6	-1.6	-.9	-.2
Durable	-13.6	-2.1	-1.8	-.3
Nondurable	-3.9	-1.1	.1	0
Factory workweek	-3.8	.5	-.8	.5
Manufacturers' sales	<u>2/</u> -13.2	-2.4	.3	---
Manufacturers' new orders	<u>2/</u> -11.5	2.7	-2.4	---
Industrial production	-12.4	-1.5	-1.6	.8
Manufactures	-12.2	1.5	-.8	.8
Durable goods	-17.8	-1.5	2.2	1.5
Nondurable goods	-5.3	-.8	.8	0
Private construction outlays	-2.6	-1.5	-2.1	-.7
Retail sales	-2.9	-.1	2.7	.1
Durable	-9.8	-.6	2.7	.2
Nondurable	.6	.2	2.7	.1
Personal income	-.9	.1	.3	.3
Wages and salary payments	-3.2	-.3	-.3	.3
Transfer payments	23.1	3.8	5.3	1.6
Consumer price index	<u>2/</u> 2.1	.7	.2	---
Wholesale price index	.9	.6	-.3	.2
Prices received by farmers	6.5	4.4	.4	0
Parity ratio	2.4	4.8	-1.1	0

1/ Page 2 includes actual figures for most series for recent months.

2/ April 1958 from August 1957.

Consumer Incomes
Higher in May

Consumer income in May was at a rate of 344.3 billion dollars, seasonally adjusted, up more than a billion from April and from May 1957. Wage and salary disbursements rose 700 million dollars to an annual rate of 233.9 billion dollars, reflecting increased employment and slightly longer workweek. Most of the gain in wage and salary payments occurred primarily in manufacturing and construction. Transfer and other Government payments rose 400 million dollars, centered largely in old-age benefits.

Retail Sales
Unchanged in May

Advance reports of retail sales in May indicate a level of 16.5 billion dollars, seasonally adjusted, about the same as April and about one percent below a year earlier. Durable goods store sales remained at the April level of 5.2 billion dollars, 2 percent above the March low but down 10 percent from a year earlier. Sales of new passenger cars in May increased a little more than the usual seasonal amount but they were down about a fourth from a year earlier. There was little change in other durable goods store sales in May. Sales of nondurable goods, seasonally adjusted, rose in April and were unchanged in May at 11.4 billion dollars, some $4\frac{1}{2}$ percent above a year ago. Sales of food stores were nearly a tenth higher in May than a year earlier, sales of apparel and drug stores and gasoline service stations ranged from 5 to 6 percent higher with general merchandise stores and eating and drinking places up about 2 percent.

Consumers reduced their debt by 123 million dollars during April after allowance for seasonal factors. Credit extensions, although a little higher than March, were well below the monthly average for 1957. Repayments of debt continued near the high level reached in the last quarter of 1957. As in other recent months, nearly all the decline in installment credit occurred in automobile paper.

Capital Spending
Continues to Decline

Capital spending by businessmen is expected to total 31 billion dollars in 1958, down 17 percent from 1957, according to a recent survey by the Securities and Exchange Commission and the U. S. Department of Commerce. This estimate for 1958 is 4 percent smaller than anticipated investment spending by businessmen three months ago. The survey indicates that the annual rates for the second and third quarters of 1958, seasonally adjusted, will be 31.4 and 30.3 billion dollars, respectively. Some further decline is implied for the final quarter. All industry groups except public utilities plan to spend less in 1958 than in 1957.

Plant and equipment spending by all industries in the third quarter of 1958 is expected to be a fifth below the peak a year earlier. The largest

decline is projected for railroads which plan a reduction of 60 percent, while investment by other transportation and mining companies may be off about a fourth. Capital spending by manufacturing industries is scheduled to be down almost 30 percent; firms producing durable goods have scheduled a reduction of a third, and those producing nondurable goods, a cut of about a fourth. All groups will reduce their investment, with the sharpest cuts for primary metals, fabricated metals, motor vehicles and petroleum industries.

Table 2.- Expenditures for new plant and equipment 1957-58 and by quarters 1958, seasonally adjusted at annual rates

Item	:	:	:	1958		
	1957	1958	Jan.- Mar.	Apr.- June 1/	July- Sept. 1/	
	Bil.	Bil.	Bil.	Bil.	Bil.	
	<u>dol.</u>	<u>dol.</u>	<u>dol.</u>	<u>dol.</u>	<u>dol.</u>	
Manufacturing	15.96	12.04	13.20	12.18	11.68	
Durable goods industries	8.02	5.71	6.58	5.78	5.52	
Nondurable goods industries	7.94	6.33	6.62	6.40	6.16	
Mining	1.24	.94	1.00	.98	.94	
Railroad	1.40	.74	1.02	.78	.62	
Transportation other than rail	1.77	1.47	1.69	1.47	1.33	
Public utilities	6.20	6.29	5.87	6.44	6.32	
Commercial and other 2/	10.40	9.30	9.63	9.51	9.42	
Total	36.96	30.77	32.41	31.36	30.31	

1/ Estimates are based on anticipated expenditures reported by business in late April and May 1958.

2/ Includes trade, service, finance, communication and construction.

Note: Detail may not add to totals due to rounding.

Securities and Exchange Commission and U. S. Department of Commerce.

Construction Outlays

Down a Little in May

Construction activity declined moderately between late 1957 and May. Construction put in place totaled 3.9 billion dollars in May, seasonally adjusted, about 1 percent higher than a year earlier, but 3 percent below the 1957 peak in October. Public construction outlays at 1.2 billion dollars were the same as April. Private construction outlays in May totaled 2.7 billion dollars, seasonally adjusted, about 1 percent below April and 1½ percent below a year earlier. Outlays for private residential building continued to decline slightly in May to 1.3 billion dollars, about the same as a year

earlier but 7 percent below late 1957. There was a more than seasonal rise in applications for VA and FHA mortgage insurance on new housing between April and May, and nonfarm housing starts in May reached an annual rate of 1,010,000 units, the highest since January and 16,000 units above a year earlier. Construction outlays for office buildings, private schools, hospitals and churches continued to advance, while public utility facilities declined a little.

Employment Rose a Little
More Than Usual

Employment rose 1.2 million from April to May to 64.1 million but it was still 1.1 million below May 1957. Agricultural and service employment rose seasonally while construction was up more than usual. Manufacturing employment, in which a major part of the decline has occurred since August 1957, was off only slightly more than usual. Most of the drop in employment in manufacturing occurred again in durable goods areas. Weakness continued in the machinery and fabricated metals industries. Steel mill and automobile employment were steady after a sharp decline since early 1958. Changes in employment in the soft goods industries were mainly seasonal. In addition, there were small declines in mining and transportation, but some gains in trade, finance and Government.

Employment Steady Through
Mid-Summer

Many employers are uncertain about their labor needs for the next few months, according to a survey of 149 major labor markets by the Bureau of Employment Security and affiliated State employment agencies. On the whole, employer hiring plans point to a slight pickup in early summer, but it will be mainly seasonal and concentrated in the construction and food processing industries. Employers report stability at present levels in most durable manufacturing industries. Unemployment may rise seasonally as students and other summer jobseekers enter the labor market.

The average number of hours worked in nonagricultural industries increased some in May, but was substantially below the like period in 1957 reflecting a sharp reduction in overtime work and increased numbers on part time. The average weekly hours worked in manufacturing reached 38.5 in May, up .2 hours from April but down 1.2 hours from a year earlier. Average hourly earnings remained unchanged at \$2.11, but weekly earnings rose 43 cents to \$81.24 because of the slight increase in the work week.

Number of jobless declined somewhat more than usual for May reflecting brisk rehiring of men in construction and agriculture. Unemployment was down about 200,000 from April; the total of 4.9 million, seasonally adjusted,

represented 7.2 percent of the civilian labor force compared with 7.5 percent in April and 4.1 percent a year earlier. Although the level of unemployment has changed only a little in the past several months, the composition of the jobless group has shifted considerably since last winter. The number of unemployed outdoor workers has declined sharply while the rate for factory workers has edged up further. However, unemployment rates have flattened out in recent months in important sectors of hard-goods manufacturing.

Business Inventories Continue to Decline

Although sales at wholesale and retail improved some in April, businessmen continued to reduce their inventories at both the manufacturing and trade levels at about the same rate in April as in the earlier months of 1958. Inventories totaled 87.7 billion dollars, seasonally adjusted, at the end of April, down 800 million dollars for the month and 2.4 billion dollars below April 1957. Manufacturers accounted for 500 million dollars of the reduction in stocks over the month, and retailers and wholesalers for about 150 million each. Almost all the reductions were centered in durable goods. Ratios of stocks to sales of manufacturers in April remained at close to the March peak despite continued heavy inventory liquidation. Since August the ratios increased most in the durable goods industries, but there also was some rise in nondurable industries other than food. The ratios at wholesale and retail rose less sharply than in manufacturing and they declined some in March and April (see table 3).

Table 3.--Manufacturing and trade ratios of inventories to monthly sales August 1957-April 1958 1/

Item	:	1957 :	1958			
			:	:	:	:
		Aug.	Jan.	Feb.	Mar.	Apr.
Manufacturing:	:	1.89	2.01	2.05	2.09	2.07
Durables:	:	2.22	2.42	2.51	2.56	2.56
Primary metals	:	1.83	2.19	2.48	2.66	2.62
Fabricated metals	:	2.07	2.20	2.25	2.19	2.17
Machinery	:	2.48	2.66	2.71	2.69	2.58
Transportation equipment	:	2.33	2.51	2.53	2.63	2.87
Nondurables:	:	1.57	1.63	1.64	1.67	1.66
Food and beverage	:	1.10	1.05	1.07	1.08	1.09
Chemical	:	1.86	2.08	2.16	2.22	2.10
Petroleum and coal	:	1.20	1.30	1.28	1.35	1.35
Rubber	:	2.09	2.46	2.63	2.70	n.a.
Wholesale:	:	1.09	1.20	1.31	1.20	1.14
Retail:	:	1.42	1.46	1.51	1.50	1.45
Apparel	:	2.43	2.66	2.77	2.75	2.59
Food group	:	.71	.69	.68	.70	.70
Furniture and appliances	:	2.22	2.24	2.27	2.19	2.26
Automotive group	:	1.42	1.56	1.75	1.75	1.62

1/ Computed from U. S. Department of Commerce data.

n.a.--Not available.

Manufacturers' new orders totaled 24.2 billion dollars in April, a little above February but considerably below the revised March total which included a large number of defense procurement contracts mostly to aircraft firms. The volume of new orders placed with the primary metals, fabricated metal and machinery industries increased during April from the levels of the preceding two quarters. In nondurable industries there was some pickup in orders in April. Unfilled orders continued to decline and in April totaled 46.3 billion dollars, about a fourth lower than in the same month of 1957. All the durable goods industries had smaller order backlogs in April than in March.

Factory Production
Up Some in May

Industrial production edged up in May after 8 months of successive declines. The index in May at 127 (1947-49=100) was up one point from April but 12 percent below May 1957. Some improvement in the steel operating rate helped to raise the primary metals index to 91 in May from 86 in April. Passenger car production rose more than seasonally in May, and the index of auto output at 96 was 18 percent above April but still a third below a year earlier. Other consumer durable output was unchanged. Production of machinery and fabricated metal products held steady. Nondurable goods production remained at the April level of 125 with increased activity in the apparel and petroleum industries offset by small declines in chemicals, paper and foods. Minerals output edged up a point to 110 in May, but it was 15 percent below May 1957.

Wholesale Prices Up
a Little in May

Wholesale prices in May at 119.5 (1947-49=100) were a little above April and 2 percent above a year earlier according to reports of the Bureau of Labor Statistics. Farm product prices at 98.4 were nearly 1 percent higher than April and 10 percent above a year earlier. Between April and May, higher prices for fresh fruits, and livestock and live poultry more than offset lower prices for vegetables, eggs, poultry, and dairy products. Processed food prices at 112.9 were up 1 percent from April and $7\frac{1}{2}$ percent above a year earlier. Prices were higher over the month for meats and canned and frozen fruits and vegetables with small declines in prices of cereals and bakery products and of dairy products. Industrial prices at 125.3 were fractionally lower than April and about the same as a year earlier.

Urban consumer prices rose again in April to 123.5 (1947-49=100), up 3.5 percent from a year earlier. Food prices rose 0.7 percent between March and April and the index reached 121.6, up about 7 percent from a year earlier. Fresh fruit prices were up about 9 percent over the month and vegetables were about 3 percent higher. Prices of the meat poultry and fish group were up 1.3 percent between March and April, with higher prices for meats partially

offset by a 4 percent decline in chickens. Prices of eggs and milk were also lower. The cost of housing, medical and personal care were higher, but transportation and apparel prices declined.

Prices Received and
Paid Unchanged:
Parity Ratio Stays at 86

The May Index of Prices Received by Farmers remained at 264 of its 1910-14 average, the same as a month earlier. Price trends were mixed with higher prices for meat animals, cotton and feed grains offset by lower prices for vegetables, dairy products and eggs. The index was up 9 percent from May 1957.

The index of prices received for meat animals in the month ended in mid-May rose 5 percent to 355 (1910-14=100). Compared with a year ago, prices of meat animals were up more than a fourth, reflecting a strong consumer demand for meat and substantially smaller marketings in May 1958 than a year earlier. Average prices received by farmers for cotton advanced 4 percent in the month ended May 15 as the quality of current sales improved.

The index for dairy products declined about 2 percent between mid-April and mid-May to 244 and was about 2 percent less than a year earlier. Marketings of commercial vegetables increased and prices declined more than seasonally. The index at 314 was down 13 percent from the revised April index. Potato prices also were lower in mid-May. Egg prices declined and more than offset gains in broilers and turkeys. The poultry and eggs index at 168 (1910-14=100) was down 2 percent from April but 17 percent above a year earlier. Prices of food and feed grains, tobacco, and oil-bearing crops were virtually unchanged during the month.

The index of prices paid by farmers rose one point between mid-April and mid-May to 283, a new high and nearly 4 percent above a year earlier. Among the family living items food and tobacco prices continued to advance for the seventh successive month. Fruit and meat prices were higher in mid-May, but vegetable cereal and dairy product prices were lower. Declines occurred in the prices of apparel, building materials and household furnishings. Prices paid for production items were unchanged between mid-April and mid-May with feeder and replacement livestock prices up about 1 percent. Feed and motor supplies also rose, but were offset by declines in building and fencing material, and in seed prices.

With both prices received and prices paid for commodities and services, interest, taxes and farm wage rates unchanged, the parity ratio, at 86, was unchanged from April, but 5 percent higher than a year earlier.

Central market prices of a number of important agricultural commodities in mid-June averaged a little lower than in mid-May. Grains were generally lower over the month, except for corn at Chicago which rose 3 percent. Wheat prices at Kansas City were down 12 percent and rye and barley at Minneapolis

were off 7 and 4 percent, respectively. Among the livestock and products group, prices of slaughter steers (all grades) and hogs (barrows and gilts) were down about 4 and $2\frac{1}{2}$ percent, respectively at Chicago. Egg prices at New York were up 3 percent and North Georgia broiler prices rose 8 percent from mid-May.

FOREIGN DEMAND

Agricultural Exports

Agricultural exports through April indicate a 4 billion dollar total for the 1957-58 fiscal year. This would be about 15 percent below the all-time high of 4.7 billion last year, but the third highest on record. The decline in agricultural exports accounts for about half of the decline in total United States exports, (excluding military aid shipments). Reduced non-agricultural exports reflect in part a readjustment from the effects of the Suez crisis on international trade and finance.

Lower shipments of farm commodities have resulted from changed supply conditions here and abroad. Reduced exports of wheat are primarily due to larger supplies abroad. For feed grains, reduced foreign supplies and the shortage of feed wheat has resulted in larger exports. Government programming for rice and edible oils has been limited by the smaller quantity available from CCC stocks during most of the year. Cotton exports, nearly a fourth below last year, have been slowed up by a better stock position abroad and curtailed mill activity in certain consuming countries. Exports of tobacco, are holding up remarkably well in face of larger foreign production. Exports of fats and oils are being affected by larger supplies abroad and some decline in exports under government programs. This latter factor has also been evident in lower shipments of meat.

Exports under P.L. 480 and Mutual Security Act totaled about 30 percent of total exports during the period July 1957-March 1958. Largest reductions have been in barter activity as a result of the more stringent conditions applied to this program. However, there is a substantial backlog in programmed exports under both of these laws, and loan activity by the Export-Import Bank is above last year. Thus the percentage of exports financed under P.L. 480, the Mutual Security Act and the Export-Import Banks for the year as a whole may be near the level of recent years.

CCC export sales, including wheat subsidies and payment-in-kind are excluded, unless such commodities move under P.L. 480, the Mutual Security Act or loans. A payment-in-kind program is currently applicable to corn and a similar program is to be in effect for oats, barley and grain sorghums as well as cotton during 1958-59. Consequently, government participation in agricultural exports outside of the "special programs" may increase.

Agricultural Imports

U. S. imports for consumption were slightly above last year through March, despite the curtailment in U. S. economic activity. The increase was due mostly to larger purchases of cattle and meat which reflected the rebuilding of livestock herds in the United States and the accompanying high prices for meat and meat animals. Also imports of sugar were larger, prices for cocoa beans were higher and the import quota for cotton was filled early. On the other hand, imports of coffee, tea, wool and silk declined substantially.

Other Foreign Developments

Perhaps the most striking development on the international scene in recent months has been the rebuilding of certain countries gold and dollar holdings. The United Kingdom, the banker for the entire sterling area, has increased its official reserves by more than a billion dollars since the post-Suez low reached in September 1957. The increase has been greater, therefore, than the combined United Kingdom drawings on the International Monetary Fund (562 million dollars), and the Export-Import Bank (250 million dollars). Continental Western Europe as a whole has also added to gold and dollar reserves, with the notable exception of France. A number of countries in other parts of the world, especially those where economic development programs largely depend on foreign exchange earnings from exports of raw materials, still find themselves in stringent foreign exchange positions.

With some notable exceptions, the U. S. recession has not yet materially influenced economic activity in foreign countries. This is partly due to the fact that while the United States merchandise export surplus has been reduced, the outward movement of private and Government funds has continued. Canada is going through a period of recession similar to, but not directly attributable to the one in this country. In Western Europe, generally, and in Japan a slowing down in the rate of increase is evident but activity still remains at or near a year ago. These countries however, are being increasingly affected by the reduced purchasing power of the underdeveloped countries as well as by the efforts of their own governments to curtail domestic consumption as a means of abating inflationary tendencies.

FARM INCOME

Farmers received 11.3 billion dollars from marketings in the first 5 months of 1958, up 9 percent from the like period a year earlier. Prices averaged 8 percent higher and marketings were up slightly. Receipts from livestock and products were 7.5 billion dollars, 12 percent more than a year before, with average prices showing a gain of 15 percent. Cattle and calves, hogs, wholesale milk, eggs, and broilers all contributed to the increase. Crop receipts for the 5-month period were 3.8 billion dollars, up 4 percent from a year ago. Prices of crops averaged about the same as last year, but marketings were a little larger. Receipts from corn, cotton, fruits, and vegetables were all above last year.

Total cash receipts in May were about 2.2 billion dollars, up 11 percent from May 1957, mostly due to higher prices. Livestock and product receipts were around 1.6 billion dollars, 12 percent above May of last year. Receipts from cattle and calves, hogs, eggs and broilers were above the 1957 levels mostly because of higher prices. Crop receipts of 0.6 billion dollars were up 9 percent from a year ago, reflecting higher prices for fruits and vegetables and larger marketings of soybeans.

LIVESTOCK AND MEAT

The pig crop this spring was 2 percent larger than that of 1957. Most of the gain occurred in December-February. The increase is expected to lift the hog slaughter rate above last year at times this summer, but slaughter this fall will be near last fall. Slaughter in the first five months averaged 6 percent below last year.

The planned 13 percent increase in fall farrowings indicates a sharp gain in slaughter next spring and prices considerably below the relatively high prices this spring.

Cattle slaughter will likely continue below last year. Marketings of fed cattle this summer and fall will probably exceed last summer, but slaughter of cattle off grass (including cows) will be somewhat smaller. Excellent range and pasture conditions in most areas and sustained prices continue to encourage retention on farms for feeding or herd expansion.

Prices of cattle and hogs have advanced to their highest levels in several years. The mid-May index of prices received by farmers for meat animals was the highest since August 1952 and 27 percent above a year earlier. Prices of beef cattle, calves, and hogs were 98 to 100 percent of parity prices. Only lambs have failed to share in the improvement; in mid-May their prices averaged 79 percent of parity. Prices of hogs are at a cyclical high and are expected to decline during the next year or two. Their seasonal drop this fall may be about average, and prices will be close to those of last fall. Prices of fed cattle will likely show some moderate declines this summer as fed cattle marketings expand. Feeder cattle prices may weaken seasonally, yet remain relatively high.

DAIRY PRODUCTS

Prices to farmers for manufacturing milk by May had declined nearly the full amount of the drop in support. In some fluid milk markets, premiums and other price negotiations offset all or part of the influence of the support reduction. In some other markets where supplies increased relatively to demand, fluid prices dropped considerably more than the support. The price to farmers for all milk in May was \$3.77 per hundred pounds, compared with \$3.84 a year earlier. With continued average or better pasture and crop conditions, prices for milk are likely to continue a little under a year earlier through the rest of 1958.

Milk production in the first 5 months of 1958 showed virtually no increase over a year earlier. Increases were substantial in this period of the two preceding years. The leveling out was influenced by unusual weather last winter and by the advance of prices for meat animals to the highest levels in 6 years. Milk-feed price relationships are still well above average; supplies of feed concentrates are large; and early season pasture conditions were especially favorable. In early August estimates of the number of milk cows as of June will become available; these will provide a basis for making any needed reappraisal of prospects for 1958 total milk production.

The increase in sales of fluid whole milk to consumers has eased slightly since mid-1957, and total sales in some markets have been below a year earlier. Retail milk prices declined more than usual this spring but continue above a year earlier. As compared with last year, total fluid milk use has increased a little more than production, leaving less for factory products. Output of evaporated, condensed and dry whole milk has taken most of the reduction. Use of milk for butter and American cheese, January-May, was below that of a year earlier.

Consumption of evaporated milk apparently has dropped considerably further so far this year, while use of butter has about equaled that of a year earlier. Use of cheese is up somewhat, which may reflect in part the sharply higher retail meat prices this year. Larger consumption and smaller production of American cheese, have resulted in sharply smaller sales of cheese to CCC. Butter sales to CCC were moderately smaller than a year earlier in April and May but in June were about equal to last year. Sales of nonfat dry milk to CCC so far this marketing year have been larger than a year earlier. In the first $2\frac{1}{2}$ months of this marketing year, the milk equivalent (on a fat solids basis) of CCC purchases was 1.3 billion pounds, compared with 2.0 billion a year earlier.

POULTRY AND EGGS

An unusually late peak in 1958 springtime egg production--May production exceeded both March and April--has resulted in lower egg prices in late May and early June than at any previous time this year. Egg prices however, were still generally about 5 cents per dozen above the year before. In mid-May, before prices had declined fully, the U. S. average price received by farmers was 35.5 cents per dozen, almost 7 cents above 1957.

During coming weeks, egg production will decline seasonally, and prices are likely to rise. In past years, the summertime rise has been greatest for high-quality large eggs, because their supply declines by a larger percentage than total egg production. With the replacement hatch up this year from last, prices for pullet and medium size eggs in the fall may show a wider differential from large egg prices than last year. Prices for small eggs were quite close to the price for large ones in the late summer and fall of 1957. In that year, 18 percent fewer chickens were raised for replacement.

About 7 percent more replacement chicks were produced through April, than in the same months of 1957. But in May, the hatch was 23 percent above the year before, bringing the cumulative production of egg-type chicks to 10 percent above 1957. On June 1 the number of eggs in incubators was 24 percent above 1957. This indicates that the cumulative 1958 chick output will be more than 10 percent above 1957. Therefore the resulting 1958-59 laying flock will be up from the year before, instead of merely about the same as would have been indicated by hatchery activity prior to May 1.

Broiler chick placements and egg settings in recent weeks have been 25 percent above 1957, encouraged by slightly higher broiler prices than in 1957. In mid-May, the U. S. average was 20.1 cents per pound, compared with 19.3 cents in mid-May 1957. Slaughter in June will be about 16 percent above 1957, and in May it was 9 percent up from last year. Higher prices for red meats help sustain broiler prices.

Hatchings of turkeys are now running close to last year, after having run sharply below a year ago for the first 4 months of 1958. Hatchings through May were 10 percent below 1957, an amount that cannot be offset by increases in the remaining months of the season. November and December slaughter, nevertheless, will be quite close to 1957, while production until then will be sharply lower. Mid-May prices to farmers were 3 cents a pound up from the year before--27.1 cents this year, against 24.2 cents last May. Prices through the holidays are likely to continue above last year.

OILSEEDS, FATS AND OILS

Domestic disappearance of food fats in the first half of the current marketing year was at a record level, up nearly 4 percent from a year earlier. The increase came in the January-March quarter, probably due in part to a buildup in "pipeline" supplies. Growth in population accounted for most of the rise, but disappearance per person was up slightly. The sharpest increase in disappearance took place in margarine although the direct use of lard, shortening and salad and cooking oils also was up. The use of butter was down a little. Some seasonal tapering off in food-fat use is likely in April-September.

Output of food fats in the second half of the current marketing year is expected to be near last year's level, with soybean oil making up for the decline in cottonseed oil. Little change is in prospect in the output of lard and butter. Production in October-March 1957-58, the first half of the season, was down 3 percent from the year before, as the record output of soybean oil failed to offset sharp declines in cottonseed oil and lard. Because of smaller stocks at the beginning of the season, total supplies were down more than production.

Exports of all food fats (including the oil content of soybeans) in April-September are expected to increase about 12 percent over a year earlier. They may total 1.3 billion pounds, reflecting heavy shipments of edible oils under P.L. 480. During the first half of the marketing year exports were

27 percent below October-March 1956-57. Decreases were recorded for all major commodities except soybeans. Edible vegetable oils registered the sharpest drop, over 30 percent. Total exports of food fats for 1957-58 are expected to be about 2.6 billion pounds, about 300 million less than in 1956-57.

Stocks of food fats and oils next September 30 are likely to be a little less than a year earlier and the lowest for this date since 1951. Carryover stocks of soybeans, on the other hand, are expected to be larger, but would represent only about one month's crush at current levels. Total stocks, including the oil content of soybeans, probably will be around 10 percent larger than on October 1, 1957.

Domestic disappearance of nonfood fats and oils during the remainder of the current marketing year is likely to continue somewhat below last year because of the lower level of industrial activity. The October-March 1957-58 total was 4 percent less than a year ago, for the same season. The sharpest decline occurred in drying oil products, down 22 percent, although usage in soap also was down. Disappearance in other industrial products including fats in feeds, on the other hand, increased 8 percent.

FEED

Feed prices were generally steady during May and early June, following the sharp rise from January to April. The price of No. 3 Yellow corn at Chicago averaged \$1.35 per bushel in the first half of June, 24 cents per bushel above the seasonal low reached in January and 3 cents higher than a year earlier. Prices of oats and feeding quality barley have weakened since late May and some further seasonal decline is expected for these grains this summer with the harvesting of the 1958 crops.

In the first half of June the index of wholesale prices of high protein feeds averaged 12 percent higher than a year ago. Soybean meal and animal proteins have declined from their April peaks, but have retained most of the sharp rise from January to April. Prices of wheat millfeeds declined sharply during May to levels a little lower than a year earlier. The mid-May index of prices paid for feed averaged slightly lower this year than last. Prices of most livestock and livestock products were moderately to substantially higher, resulting in generally favorable livestock-feed price ratios.

Through May 15 farmers had placed 329 million bushels of corn under loan and purchase agreement, 106 million less than in the same period of 1956-57. The 129 million bushels placed under support at the lower rate of \$1.10 per bushel to noncompliers was much larger than a year earlier. However, much less was placed under support at the \$1.40 per bushel rate to complying farmers. From May 12 through June 20 the Department of Agriculture had accepted bids on 13.7 million bushels of corn under the payment-in-kind export program. The payments, ranging from 11 to 23 cents per bushel, are made in certificates to be redeemed for CCC-owned corn.

Prospects for 1958 feed grain and forage crops were generally better than average in early June. Pastures provided about-average feed for live-stock on June 1, and the condition of the hay crop was nearly as good as in early 1957 when a record crop was produced. Corn planting was nearly completed in early June, a little ahead of usual progress and far ahead of the late plantings of last year. The oats and barley crops made fair to good progress except in the dry areas of the North Central Region. These early prospects, together with the record stocks of feed grains and hay on hand, point to big feed supplies again in 1958-59.

WHEAT

Preliminary returns from the wheat referendum held June 20 in the 38-State commercial wheat-producing area for 1959 show that 83.7 percent of the farmers voting favor marketing quotas on 1959-crop wheat. Because wheat marketing quotas proclaimed last March are effective on approval by two-thirds or more of farmers in the referendum, market quotas will be in effect for the 1959 crop.

The 1958 wheat crop was forecast as of June 1 at 1,271 million bushels, .34 percent above the 947 million bushels produced in 1957. This would be the fourth largest crop in our history. Yields per acre are highest of record. The winter wheat crop was forecast at 1,069 million bushels and the spring crop at 202 million. The indicated total crop is considerably in excess of prospective domestic use and likely exports during the next 12 months. As a result, the carryover July 1, 1959 will be increased substantially.

Exports in 1957-58 are now estimated at 390 million bushels. Domestic disappearance is estimated at 586 million bushels. With total supplies for the 1957-58 year of 1,866 million on July 1, 1957 (carryover of 909 million, production of 947 million and imports of about 10 million), a carryover of about 890 million bushels on July 1, 1958 would be indicated--down slightly from a year earlier but about 145 million bushels below the total on July 1, 1956. The official estimate of the ending stocks of old-crop wheat will be released July 24. The bulk of the carryover will again be held by the CCC.

The average price received by farmers in mid-May was \$1.93, which compares with the high for the marketing year in mid-March of \$1.96. In mid-May a year earlier, the average price was \$1.98. Prices generally fell since late May and would have declined earlier had it not been for a tight commercial "free" supply situation (nongovernmental wheat). The seasonal downward adjustment is likely to be larger than usual this year because the crop is considerably larger than anticipated domestic use and exports, the reduction in the price support rate and the unusually large production on farms not eligible for price support. The 1958 advance minimum rate was announced at \$1.78, but this will likely be adjusted upward by a few cents July 1, the beginning of the new marketing year, if the parity price has advanced. Prices are

usually lowest in either June, July or August. Prices are expected to strengthen after the heavy movement slackens following harvest, as in recent years. Prices of hard red winter wheat, however, are not expected to strengthen as much as usual. This is because "free" supplies built up by the unusually large crop of hard red winter wheat due to high yields, and the large production in excess of allotments. Farmers who are not in compliance can not take advantage of the price support program and may either sell their wheat on the open market or store it. A considerable quantity of the excess wheat is expected to be marketed, although many farmers may choose to store it instead of paying the penalty.

As of May 15, 221.4 million bushels of 1957-crop wheat had been placed under loan. Of this amount 46.6 million had been redeemed and 129.9 million delivered to CCC. While the amount of 1957 wheat placed under loan was slightly smaller than 1956 wheat, the proportion of loan wheat delivered to CCC by May 15 this year is 10 percent greater than a year ago. Of the 34.9 million bushels of 1957-crop wheat under purchase agreements, producers elected to deliver 25.2 million bushels and up to May 15 had delivered 6.4 million. In the previous year, only about half as much wheat was put under purchase agreements and delivered to CCC by the same date. Through May 15, producers had resealed 3.4 million bushels of 1957-crop wheat and extended reseal on about a half million bushels of 1956-crop wheat.

FRUIT

Supplies of early-season peaches are indicated to be much larger this year than in 1957. But supplies of early plums, sweet cherries and apricots are considerably lighter, because of reduced production in California. Remaining supplies of oranges and grapefruit, now practically all from California, also are much smaller than a year ago. California lemons are expected to continue plentiful. Grower prices for both deciduous and citrus fruits in light supply are expected to average higher than last year.

Prospects for 1958-crop deciduous fruits on June 1 were for a peach crop much larger than in 1957 and the largest since 1947. But smaller production is expected for fresh plums and dried prunes in California, sweet cherries, sour cherries, apricots and pears. The 1958 commercial strawberry crop is expected to be close to the record 1957 production and 51 percent above average. According to the June Crop Report, an above-average apple crop is indicated. However, actual production depends substantially on the amount of drop and subsequent conditions. The first official estimate of production will be made in the July Crop Report issued on July 10. The June 1 condition of the California grape crop was reported somewhat below last year. Production of California walnuts is expected to be considerably larger than in 1957, that of almonds much smaller.

The heavy movement of 1957-58 crop Florida oranges and grapefruit was completed by June 1, much earlier than in 1956-57. California Valencia oranges

as usual will comprise most of the supply of fresh oranges during summer. But they will be much lighter this year than last, because of smaller production. Supplies of canned and frozen orange and grapefruit juice also will be considerably lighter than last summer. Prices for these items of both fresh and processed citrus are expected to continue higher this summer than a year ago.

In Florida, the 1957-58 pack of frozen orange concentrate, now about completed, is much smaller than the record 1956-57 pack. Output of canned single-strength orange juice was moderately larger but that of other canned citrus juices was smaller. On June 1, Florida packers' stocks of frozen orange concentrate were about 13 percent smaller than a year earlier, and stocks of canned single-strength orange, grapefruit, tangerine and blended juice combined were about 29 percent smaller. Stocks of canned orange juice separately were down 25 percent.

Cold-storage holdings of frozen deciduous fruits and berries (excluding juices) were 14 percent larger on June 1, 1958 than a year earlier. Those of frozen strawberries, the largest item, were up 13 percent. Cannery stocks of 9 items of canned deciduous fruits combined on June 1, 1958, were about 21 percent smaller than on that date in 1957. Carryover of many of these fruits is expected to be smaller than at the start of the canning season last year.

COMMERCIAL VEGETABLES

For Fresh Market

Production of early summer vegetables for fresh market sale, excluding melons, is likely to be about the same as a year earlier. Acreage of 8 early summer crops is up 2 percent from last year but indications are that production is likely to be about the same as a year ago but 16 percent above average. Production of green peppers is expected to be substantially larger than a year earlier, and cabbage and onions moderately larger. Carrots, celery and cucumbers are expected to be in lighter supply. Watermelon and cantaloup marketings are likely to be substantially larger. In a number of instances overlap of late spring crops may be quite serious and prices during the next few weeks are expected to average moderately below the high levels of a year earlier.

Indications are that the acreage of cabbage for late summer harvest is likely to be close to that of last year, carrots and onions slightly larger, and watermelons 15 percent larger.

For Processing

Production of vegetables for processing this year is expected to be below that of 1957. Prospective acreage of 9 vegetables for commercial processing is about a tenth below both that of last year and average. If yields by crops should be near the average of recent years, aggregate production on the indicated acreage would be moderately smaller than a year earlier but slightly to moderately above the 1949-56 average.

Conditions for planting processing crops in the Midwest, especially green peas and sweet corn, were less favorable than last year according to the Crop Reporting Board. Dry weather delayed planting and resulted in poor germination and thin stands and uneven growth. Late May frosts also inflicted damage. On the Atlantic Coast frequent heavy rains delayed spring planting and cool weather slowed plant growth. In this area crops are late, but yield prospects are good. Conditions in Washington and Oregon generally have been favorable, but excessive rains in California delayed planting of tomatoes and damaged asparagus, peas and spinach. Lateness of the tomato crop in California may adversely affect production.

POTATOES

From late April to late May shipments of potatoes picked up and prices declined sharply, but remained well above the low levels of a year earlier. During the first half of June prices showed some further decline.

Potatoes are expected to continue in plentiful supply during the next few weeks, although there are some quality problems. Prices are likely to be at moderate to relatively low levels, but probably will average above the very low prices of a year earlier. Production of late spring potatoes, at 27.1 million hundredweight, is a tenth below last year but slightly above average. Production for early summer harvest, at 9.6 million hundredweight, is moderately above last year but slightly below average. The 1958 season is late with considerable overlap of harvests in important production areas.

COTTON

The average 14 spot market price for middling 1-inch cotton in May and early June was around 34.80 cents per pound, almost 1 cent above a year ago. But prices received by farmers in mid-May averaged 29.10 cents per pound, 2.4 cents below a year ago, though they have advanced from the season's low in February. Prices are below last year mainly because of the low quality of the 1957 crop. The mid-May price reflected 75 percent of the parity price (based on May data) of 38.68 cents.

Disappearance of cotton in the 1957-58 marketing year is estimated at 13.6 million bales. Domestic consumption at current rates will probably be somewhat below 8 million bales but exports for the marketing year as a whole may exceed the 5.6 million bales previously estimated. Private trade reports indicate exports reached 5 million bales by June 10. CCC sales for export under the 1957-58 export program totaled 5.8 million bales as of June 10. Not all of this may be exported in the current year since some exporters may prefer to hold higher grade cotton and pay the penalty involved in non-exportation. Stocks of cotton held by CCC on June 10, 1958 were 3.6 million bales, the lowest since October 1953. Of this, 622,000 bales of upland cotton was owned by CCC and 2.9 million bales remained pledged as collateral against outstanding

loans on the 1957 crop. CCC will purchase all cotton remaining under loan on July 31, 1958.

Close to 5 million acres of cotton land were placed under the 1958 Acreage Reserve Program of the Soil Bank. Participating farmers will receive a maximum of 270 million dollars. Although late, the 1958 crop is making good progress throughout the Belt.

On May 29, the rate of payment under the payment-in-kind export program effective for the 1958-59 marketing year was announced at 6.5 cents per pound--approximately the difference between U. S. spot prices and the prices prevailing under previous export sales programs. This rate is subject to change without notice. Under the CCC export program for 1958-59, sales through June 10 totaled 474,000 bales.

WOOL

At mid-June, prices of wool abroad ranged from 1 to 8 cents per pound, clean basis, above a month earlier. Prices advanced late in May, but the advance was partly offset by a slight decline early in June. Boston quotations for domestic wools ranged from the same as to 8 cents higher than a month earlier.

Prices received by domestic growers for shorn wool during May averaged 36.3 cents per pound, grease basis, 1.4 cents lower than a month earlier and 19.5 cents lower than a year earlier.

The average of prices received by growers for shorn wool sold during the 1957 marketing year has been announced at 53.7 cents per pound, grease basis. Consequently, the payment rate for shorn wool is 15.5 percent, the amount needed to bring the average return up to the incentive level of 62 cents. The payment rate on sales of unshorn lambs is 33 cents per hundredweight of live animals sold. The rates for 1955, the first year of the incentive program, were 44.9 percent for shorn wool and 77 cents per hundredweight for lambs; for 1956, they were 40 percent and 71 cents. The rates for 1957 are much lower than those for the first two years of the program because the average price received for shorn wool was considerably higher than in 1956. Present indications are that prices received for wool sold during the 1958 marketing season are likely to average lower than in 1957. With the average down and the incentive level continued at 62 cents, payment rates for shorn wool and unshorn lambs sold during the 1958 season will be higher than for 1957. Payments for the 1958 season will be made in the summer of 1959.

During the first quarter of this year, mill use of wool in the 10 countries which report quarterly to the Commonwealth Economic Committee was 16 percent below a year earlier. It was lower than a year earlier in all of these countries except France, where it was only 1 percent above a year earlier. The declines ranged from 6 percent in Sweden and Italy to 34 percent in the Netherlands. Consumption in the U. S. was down 33 percent. The seasonally

adjusted rate of aggregate consumption in the 10 countries was down for the third quarter in a row and the lowest since the last quarter of 1954.

In the United States, mill use of apparel wool during the first 4 months of this year was 30 percent below a year earlier. The seasonally adjusted rate improved slightly after January. Mill use of carpet wool during January-April was down 38 percent from early last year.

During January-February, U. S. imports of both dutiable and duty-free wool for consumption were substantially lower than early last year: imports of dutiable wool were down 43 percent and imports of duty-free wool were down 29 percent.

TOBACCO

Marketings of 1957 crop Maryland tobacco, mostly at auctions but also at the Baltimore hogshead market, totaled 233 million pounds through June 20. This was equivalent to about three-fourths of the crop produced last year. Auction prices averaged 45.6 cents per pound -- 10 percent below the average for the comparable period of last season. The larger proportion of lower quality tobacco and declines from last season in the prices of many lower and medium-price grades accounted for the decrease in this season's overall average price. Most higher-priced grades brought better prices than last season.

Preliminary indications are that domestic use of Maryland tobacco in the year ending September 30 may approximate the unusually low level of a year earlier. Exports of Maryland in the current marketing year are continuing at relatively favorable levels. Switzerland, the major importer of Maryland tobacco, usually accounts for at least three-fifths of the total exports of this type.

Supplies of the major cigarette tobaccos--flue-cured and burley--probably will be lower in 1958-59 than for the current marketing year. Although the carryovers are still comparatively large, this year's production, assuming yields are near the average of recent years, will be below the total of domestic use and exports during 1957-58. After declining for the last few years, domestic use of both flue-cured and burley this year may increase a little. But the upturn probably will be less percentagewise than for cigarette manufacture.

During the first third of 1958, cigarette output was nearly $2\frac{1}{2}$ percent ahead of the comparable figure for a year earlier, and cigar output from domestic factories increased almost 1 percent. Output of smoking tobacco for pipes and "roll-your-own" cigarettes during the first third of 1958 was about 14 percent greater than in the similar 1957 period. On the other hand, output of chewing tobacco and snuff declined about 7 percent.

Exports of unmanufactured tobacco at 105 million pounds (export weight) during the first third of 1958 were $12\frac{1}{2}$ percent below those in the comparable period of 1957. During the last half of 1957, tobacco exports held even with the level of a year earlier.

U. S. Department of Agriculture
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: The next issue of The Demand and Price Situation :
: will be released on July 23, 1958. :
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